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17th September, 1943.

# **WAR CABINET.**

## **ECONOMIC SITUATION IN INDIA.**

### **MEMORANDUM BY THE CHIEFS OF STAFF.**

ON the 16th August the Secretary of State for India presented a paper on the economic situation in India to the Cabinet Committee on Indian financial questions which disclosed an extremely disquieting situation, the continuation of which would jeopardise the security of India as a base for operations in South-East Asia.

Among the problems to which he drew attention was the critical food situation in India. This had been considered\* by the War Cabinet on the 4th August in relation to a recommendation† by the Secretary of State for India that 500,000 tons of wheat should be imported into India between September 1943 and February 1944. The War Cabinet agreed\* to provide shipping for up to 100,000 tons of barley from Iraq and to make preliminary arrangements for the despatch, if necessary, of 50,000 tons of wheat from Australia.

On the 13th August the Viceroy telegraphed warning the Cabinet in the most solemn terms that, unless the appropriate help was received, the Government of India could not be responsible for the continuing stability of India now, nor for her capacity to serve as a base against Japan next year. Annexed is an extract from G.H.Q., India, Weekly Intelligence Summary which illustrates the appalling conditions in Eastern Bengal and Assam.

Commander-in-Chief, India, has pointed out from time to time the serious operational implications inherent in the situation, and on the 2nd August he said that it was of the highest importance, from the strategical and general military point of view, that the Government of India should receive all possible aid in dealing with the food situation.

He has now telegraphed again in even stronger terms. He points out in this telegram that, although food may exist in sufficient quantity in India, it is impossible to ensure fair distribution because of the low standard of administration in the country as well as the weakness of the communication system generally and the lack of an informed and strong public opinion.

The Secretary of State for India has made it clear that the food problem is only one symptom of a generally unsatisfactory economic situation. We consider that we would be failing in our duty to the War Cabinet if we did not point out that, unless the necessary steps are taken to rectify this situation, the efficient prosecution of the war against Japan by forces based on India will be gravely jeopardised and may well prove impossible. If it should transpire that, as Commander-in-Chief, India, and the Government of India consider, a necessary step in this direction is the diversion of shipping to the transporting of food grains to India, then the operational implications of an administrative breakdown in India will have to be given full weight.

\* W.M. (43) 111th Meeting, 4th August, Item 1.

† W.P. (43) 349.

It may very well be that these food crises will be a constantly recurring feature unless steps are taken to bolster up the present Indian administrative system by every possible means, including the reinfusion of considerable numbers of European personnel. But that does not alter the fact that urgent steps are necessary to deal with this particular crisis, and, so far as we can see, to import additional food at once is the only way of doing this.

(Signed) A. F. BROOKE.  
C. PORTAL.  
E. N. SYFRET.

*Offices of the War Cabinet,  
17th September, 1943.*

## ANNEX.

*Extract from G.H.Q., India, Weekly Intelligence Summary No. 94, dated  
20th August, 1943—Part III, Security Intelligence.*

### INTERNAL.

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5. A special report on conditions in East Bengal and Assam indicates that famine conditions are now rife in those districts. In Chittagong, A.R.P. personnel have had to take over the daily removal of corpses from streets and houses. In Dacca, the poor are living on what rice water they can get, since even the rich are unable to obtain rice. Cholera, small-pox and starvation are causing hundreds of deaths daily in the surrounding villages. Similar conditions prevail over a large area of East Bengal, and have given rise to a widespread incidence of thefts and dacoities. Suicides and child-selling have been reported.

6. Such conditions, though at their worst in these districts, are not confined to the North-East. A British resident on an estate in Mysore writes that it is dangerous to walk through the estate now, as they are having trouble over food. Thousands of Indian workers are starving. At a time when Government are urging the estates to increase their output of rubber, many estates in Travancore have had to stop working owing to supplies of rice being insufficient to feed their labour. In planting districts in Coorg coolies die by the wayside of starvation.

7. *Labour.*—In the Calcutta area there have been numerous strikes in mills and factories and, though the majority of these strikes have been short-lived, the cumulative effect on war production has been considerable. Workers' demands in all cases have centred round the supply of food grains at reasonable prices, and when this demand has been met the situation has rapidly returned to normal. On existing evidence it appears that the strikers are influenced by purely economic, and not political, motives.

8. *Fires and Labour Troubles.*—There has long been reason to suspect that fires in military installations are not unconnected with labour unrest due to economic distress amongst the staff. This suspicion has been strengthened by the fact that in one Ordnance Depot, where small fires formerly occurred with some regularity, adequate measures for the provision of grains for the workers have been accompanied by a complete cessation of fires.

9. *Axis Radio.*—The following extract is taken from the "Azad Hind" news in Tamil for the 14th August, relayed from Germany :—

"It is reported that the Indian Independence League at Bangkok has decided to enlist the help of Japan, Thailand and Burma to export rice to India and thus improve the food situation. Though it is normally impossible to send rice to India from Japanese occupied territory, the league is prepared to do so if the British Government approves the proposal and gives an undertaking that the food so sent will not be reserved for military consumption or exported from India. This gesture of the league is expressive of the sympathy of Indians in East Asia and their desire to relieve the

suffering of their Indian brethren. If the British do not accept this generous offer they will be betraying their true intentions."

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11. In view of the prevailing economic conditions in India, the danger of this type of propaganda and the embarrassment it might cause should it reach the people affected, need not be stressed. The effect of such statements on the army must also be considered especially if put out by enemy forward propaganda units, or after capture, to Indian troops on the Eastern frontier. Many Indian soldiers serving in East India have seen the famine conditions prevailing there for themselves, and Indian soldiers in general are already apprehensive of the effects of food shortages upon their families.

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15. The avowed intention of Congress to attack the staunchness of the soldier through the medium of his family, is only to be expected. Elsewhere in the summary reference is made to Axis broadcasts, purporting to offer rice from Japanese occupied territories to starving India; every anti-Allied and disruptive agency may be expected similarly to exploit India's food difficulties to the utmost. In this connection, a formation report from Chittagong states that men (both British and Indian) are so affected by the sights they see around them, that they are feeding beggars with their own rations, even though they are disobeying orders by so doing. The general feeling amongst Indian troops is that immediate assistance must be given to the people of Chittagong, and that the Sirkar has already failed in its duty.

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